tion of the persons eligible for such appointment and completion of various other formalities. Government have already initiated necessary steps to fill up the vacancies.

World bank recommendation on rural banking

1067. SHRI KAMAL MORARKA: Will the Minister of FINANCE be pleased to state:

(a) whether the World Bank has made several recommendations to Government for consolidating the rural banking system including a call for commercialisation of banking for medium and large-scale farmers; and

(b) if so, what is Government's reaction to these recommendations?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI RAMESHWAR THAKUR): (a) Yes Sir.

(b) Government had initiated the service Area Approach with effect from April, 1989 to consolidate and strengthen the rural credit system. This approach has been adopted for improving the quality of rural credit, ensuring comprehensive credit planning, close monitoring of the end use of funds. This will also ensure better management efficient use of credit, increasingly targeted to weaker groups.

Long term fiscal policy

1068. SHRI KAMAL MORARKA: Will the Minister of Finance be pleased to state:

(a) whether Government are working out a long term fiscal policy; and

(b) if so, what are the main features of the proposed policy and how it differs from the earlier fiscal policy?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI RAMESHWAR THAKUR): (a) There is no proposal at present for announcing a long term fiscal policy;

(b) Does not arise.

Zero-Based Budgeting

1069. SHRI KAMAL MORARKA: Will the Minister of FINANCE be pleased to state:

(a) whether the concept of zero-based budgeting tried some years ago has failed to take off;

(b) if so, the details thereof; and

(c) whether Government proposes to review the concept in view of the need to control the non-plan expenditure?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE SHRI SHANTARAM POTDUKHE): (a) to (c) Zero-Based Budgeting in its strict technical application has not been very successful. However, the principle behind Zero-Based Budgeting which is a thorough review of all on-going schemes and their prioritisation to enable decisions on reduction or elimination of low priority activities continues to be valid. The decision to bring about a progressive reduction in Government's fiscal deficit will involve, among other things, the use of Zero Based Budgeting approach.

Utilisation of external aid

1070. SHRI KAMAL MORARKA: Will the Minister of FINANCE be pleased to state:

(a) what has been the utilisation of external aid, plan-wise;

(b) whether it is a fact that utilisation of external aid dropped considerably by the end of the Seventh Five Year Plan period *i.e.* during the year 1989-90; and

(c) if so, what steps Government contemplate to make best use of external aid?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI RAMESHWAR THAKUR): (a) Utilisation